

**MINUTES OF THE  
REVENUE AND TAXATION INTERIM COMMITTEE**  
Wednesday, May 16, 2012 – 9:00 a.m. – Room 445 State Capitol

**Members Present:**

Sen. Curtis S. Bramble, Senate Chair  
Rep. Patrick Painter, House Chair  
Sen. J. Stuart Adams  
Sen. Wayne L. Niederhauser  
Sen. Howard A. Stephenson  
Sen. John L. Valentine  
Rep. David G. Butterfield  
Rep. Tim M. Cosgrove  
Rep. John Dougall  
Rep. Susan Duckworth  
Rep. Steve Eliason  
Rep. Gage Froerer  
Rep. Francis D. Gibson  
Rep. Wayne A. Harper  
Rep. Eric K. Hutchings

Rep. Michael T. Morley  
Rep. Merlynn T. Newbold  
Rep. Jim Nielson  
Rep. Larry B. Wiley

**Members Absent:**

Sen. Benjamin M. McAdams

**Staff Present:**

Mr. Phillip V. Dean, Policy Analyst  
Ms. Rebecca L. Rockwell, Associate General Counsel  
Ms. Chelsea B. Lloyd, Legislative Secretary

**Note:** A list of others present, a copy of related materials, and an audio recording of the meeting can be found at [www.le.utah.gov](http://www.le.utah.gov).

**1. Committee Business**

Chair Bramble called the meeting to order at 9:16 a.m. Sen. McAdams was excused from the meeting.

**MOTION:** Sen. Valentine moved to approve the minutes of the November 16, 2011 meeting. The motion passed unanimously. Sen. Adams, Rep. Dougall, and Rep. Painter were absent for the vote.

Ms. Rockwell reviewed "Open and Public Meetings Act, Summary of Key Provisions" and answered questions from the committee regarding public notice and electronic meetings.

Mr. Dean reviewed "Studies Required to be Conducted by the Revenue and Taxation Interim Committee," 2012 General Session S.B. 78, "Water Conservancy District Amendments," and "2012 Master Study Resolution Items Assigned to the Revenue and Taxation Interim Committee."

Mr. Dean distributed and reviewed "Utah State Tax Commission -- Collections" and "Utah State Tax Commission -- Revenue Summary Ten Months FY 2011-12." He explained that revenue collections are coming in higher than projected.

**2. Tax Credits and Exemptions**

Mr. Dean explained that this item is a follow-up to a dialogue from a Senate Revenue and Taxation Standing Committee meeting during the general session. The Senate standing committee requested that the interim committee consider tax credits and exemptions, and if they are meeting their intended purposes.

The committee considered possible tax credits and exemptions to study, including the motion picture tax credit, credits for the disabled, and adoption credits.

Chair Bramble encouraged the committee to contact staff to give their ideas on tax credits and exemptions to study. He requested from committee staff a summary of the major credits to identify what needs to be studied at future meetings.

Ms. Allison Rowland, Director of Research and Budget, Voices for Utah Children, distributed "What's Eating Utah's General Fund?" She encouraged the committee to review each tax expenditure and earmark and repeal those that are not priorities in the state's annual budget. Ms. Rowland explained the importance of developing sunset dates on all tax legislation and earmarks to ensure a healthy General Fund.

Sen. Stephenson requested that the restoration of sales and use taxes on food be considered by the chairs as a potential study item for the committee. He requested to have the chairs make this request to Legislative Management Committee for the Utah Tax Review Commission to study.

Chair Bramble requested that the recommendations from the Utah Tax Review Commission on sales and use taxes from several years ago be presented to the committee at a future meeting.

Mr. Peter Cannon, Utah Eagle Forum, explained his concerns with the state's tax system.

Mr. Des Barker, Utah Ski Association, explained that ski industry outputs do have sales and use taxes imposed on them, but certain inputs are exempt.

Mr. Dave Davis, Utah Food Association, explained the importance of consistency in food tax policy. He explained the costs involved with compliance and transitions.

### **3. Telecommunication Taxes and Fees**

Mr. Dean explained that this topic is a follow-up to discussions during the annual general session. He explained that there was a general interest in reviewing telecommunication taxes and fees during the interim.

The committee discussed taxes and fees associated with the changing landscape of telecommunications services. Chair Bramble explained the concept of eliminating franchise fees associated with physical locations of telecommunication devices. The committee considered repealing franchise fees, or other site-based taxes, and replacing them with a different tax base to eliminate the discrepancies associated with new technologies.

Mr. Roger Tew, Utah League of Cities and Towns, explained that Utah has traditionally been ahead of the curve in dealing with telecommunication tax and fee issues.

Mr. Eric Isom, Director of Government Affairs, CenturyLink, encouraged the committee to assess taxes, fees, and surcharges equally amongst varying technologies. He requested the committee consider creating a working group of industry stakeholders to research reasonable solutions on this issue.

Mr. Steve Proper, Comcast, explained Comcast's support of a working group to find solutions to this issue.

#### **4. Taxation of Hotel Intermediaries**

Chair Bramble discussed the taxation of hotel accommodations when a purchaser uses an intermediary, such as a travel website, to make travel-related purchases. The committee discussed the role of the Legislature and the courts in dealing with this issue.

Sen. Valentine briefed the committee on the pending litigation in Utah involving this issue.

#### **5. Dynamic v. Static Fiscal Notes**

Mr. Jonathan Ball, Director, Office of the Legislative Fiscal Analyst, distributed "Utah Code 26-12-13. Office of the Legislative Fiscal Analyst established -- Powers, functions, and duties -- Qualifications." and discussed the options for dynamic fiscal notes.

Sen. Stephenson recommended that the fiscal analysts implement the dynamic fiscal note process on a number of bills from the last general session and report back to the committee.

Mr. Kory Holdaway, Utah Education Association, encouraged the committee to consider the idea of dynamic fiscal notes.

Ms. Allison Rowland distributed "What Happened to Dynamic Revenue Analysis in California?" She encouraged the committee to study other states' experiences with dynamic fiscal note-type processes.

#### **6. Other Items / Adjourn**

**MOTION:** Sen. Valentine moved to adjourn the meeting. The motion passed unanimously. Sen. Adams, Rep. Butterfield, Rep. Froerer, and Rep. Hutchings were absent for the vote.

Chair Bramble adjourned the meeting at 11:55 a.m.